

Government of the District of Columbia
Department of Insurance, Securities and Banking



Lawrence H. Mirel
Commissioner

BULLETIN
04-CO-002-5/28

TO: ALL COMPANIES ISSUING VARIABLE RATE ANNUITIES IN THE
DISTRICT OF COLUMBIA

FROM: LAWRENCE H. MIREL, COMMISSIONER

RE: STANDARD NONFORFEITURE LAW FOR INDIVIDUAL DEFERRED
ANNUITIES

DATE: MAY 28, 2004

A final Regulation implementing the "Standard Nonforfeiture Law for Individual Deferred Annuities" was published today in the D.C. Register at 51 DCR 5600. The Regulation, which will be codified at DCMR Title 26, Chapter 5100, establishes a formula adopted by the National Association of Insurance Commissioners (NAIC) that allows for adjustments of interest rates applicable to deferred annuities. Using this formula, insurers may periodically, when necessary, bring the interest rates for standard nonforfeiture amounts of deferred annuities in line with certain other interest rate benchmarks. Consistent with the NAIC guidelines and model rules, the Commissioner will allow no longer than two (2) years from the date of this Bulletin for companies to come into compliance with the Act and the Regulation. Please be advised that:

1. All policy forms that incorporate the adjusted rates applied to deferred annuities must be submitted to the DISB for approval.
2. DISB acknowledges the complexity of applying the new formula and the time and effort required for insurance companies to update their policy forms to comply with DCMR Title 26, Chapter 5100.
3. Insurance Companies will be permitted to submit their updated policy forms to the DISB for approval at any time up to two (2) years from the effective date of the final Regulation. After May 28, 2006, however, all annuity contracts sold in the District of Columbia must contain the appropriate language incorporating the provisions of the Regulation. DISB will take no enforcement action to require compliance with 26 DCMR 5100—Standard Nonforfeiture Law for Individual Deferred Annuities until May 28, 2006. In the interim DISB will apply the provisions of the rule on a contract form-by-contract form basis. This bulletin is effective on May 28, 2004.

If you have any questions concerning this bulletin, please direct your inquiries to Rhonda Davis, Attorney Advisor at (202) 442-7754.